

United States Senate

WASHINGTON, DC 20510

April 18, 2013

Mr. David Addington
Group Vice President, Research
The Heritage Foundation
214 Massachusetts Ave., NE
Washington, D.C. 20002

Dear Mr. Addington,

Thank you for taking the time to meet with me in my office to discuss our nation's pressing need to address its broken immigration system. As you know, a bipartisan group of senators has now introduced legislation ("The Border Security, Economic Opportunity, and Immigration Modernization Act of 2013") which will soon be considered in the Senate Judiciary Committee. As part of a national conversation on immigration reform, I expect many perspectives will be offered on a variety of aspects of this bill and the problems it is designed to address, including immigration reform's impact on the federal budget and our nation's economy.

In the area of pro-growth economic policy and analysis, Heritage has long led the way as an indispensable source for innovative ideas and sound research and analysis for conservative policymakers on Capitol Hill and across all fifty States. Former Heritage President Ed Feulner has been a champion of liberty and prosperity for decades. His advocacy encouraged Congress to begin considering the real growth implications of legislation. As he put it in a 2002 column: "No matter how many times a 'static' analysis is disproved, Congress keeps doing business in the same wrong-headed way. And it can have serious implications." We are making progress toward implementing dynamic scoring: The Senate recently approved an amendment to the Senate Budget Resolution by Sen. Rob Portman requiring the Congressional Budget Office to include the macroeconomic feedback scoring of tax legislation.

As a pro-growth, fiscal conservative, I have long believed that any legislation impacting our economy can only be fully evaluated by a consideration of both its baseline costs and its impact on growth. I commend the Heritage Foundation for its long championship of that view as well. Its Center for Data Analysis has filled an important void in evaluating legislation to reflect dynamic effects of higher economic growth on means-tested spending, tax revenue and deficits, while many others have only taken a static view. In a recent instance of exceptional analysis, Heritage scored the Boxer-Sanders carbon tax bill. Taking behavioral effects of the new tax into account, Heritage found that the legislation would reduce family incomes and eliminate over 400,000 jobs. Similarly, in December the Center found that fiscal cliff tax hikes proposed by the President would raise only \$68 billion when scored dynamically, compared to the White House's \$160 billion static projection.

As I consider the potential impact of immigration reform, I am keenly aware that there will be budgetary impacts when illegal immigrants begin to access citizenship beginning 13 years after immigration reform is enacted. However, I also believe that immigration reform that shifts the mix of legal immigration away from family-based toward highly-skilled/merit-based combined with bringing millions of undocumented aliens out of the underground economy will improve the labor market, increase entrepreneurship and create jobs, leading to a net increase in economic growth and reducing the deficit.

Other conservative economic analysts have agreed that sound immigration reform can be an economic boon. A 2006 Heritage Foundation study by Tim Kane and Kirk Johnson concluded: "Whether low-skilled or high-skilled, immigrants boost national output, enhance specialization, and provide a net economic benefit." In a new study, former CBO Director Douglas Holtz-Eakin estimates that a benchmark immigration reform would "raise the pace of economic growth by nearly a percentage point

over the near term, raise GDP per capita over \$1,500 and reduce the cumulative federal deficit by over \$2.5 trillion.” Also, in an article published just yesterday, American Enterprise Institute Adjunct Scholar Madeline Zavodny writes of the Senate immigration reform bill: “These changes have the potential to dramatically boost immigration's contribution to economic growth. Research shows that highly educated immigrants make critical contributions to the high-tech economy: they patent at twice the rate of U.S. natives and they founded one-quarter of startups between 1995 and 2005. Admitting more of these immigrants helps ensure that the U.S. has the inventors, innovators and entrepreneurs who are the lynchpin to economic growth.”

Conservatives have considered static scoring to be an erroneous and incomplete evaluation tool for decades. The late Jack Kemp spent his career advocating for dynamic scoring to account for the real-world impact of policy changes on incentives and economic growth. Congressman Kemp also believed in the positive contributions immigrants make to society and our economy, and was a strong proponent of comprehensive immigration reform.

Again, thank you for taking the time to meet with me earlier this week. I appreciate the work you and the Heritage Foundation do to enrich policy analysis and debate, and I look forward to a continuing dialogue.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Marco Rubio', with a long horizontal flourish extending to the right.

Marco Rubio
United States Senator